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**“Bilateral Challenges: Security and Defense to Climate  
Change”**

**American Chamber of Commerce in Perth**

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**Deputy Chief of Mission Daniel A. Clune**

**As prepared for delivery**

Good afternoon. Thank you, Penelope for the kind introduction. It's a great pleasure to be here.

What I'd like to do this morning is to speak for about 20 minutes about the challenges facing Australia and the United States and then open up the discussion to your questions on the topics I've discussed or any other topics that might interest you.

Australia and the US face these challenges with strong historical ties. Both our nations were born from similar pioneer roots. Three Americans sailed with Captain James Cook in the

Endeavor on his voyage of discovery to Australia. The American vessel Philadelphia anchored in Sydney Harbor in 1792, only four years after the arrival of the First Fleet. Australians journeyed to California by the thousands in the late 1840s as part of the Gold Rush; and more than 10,000 Americans came here in the 1850's to dig in the goldfields of New South Wales and Victoria. Americans Walter Burley Griffin and his wife, Marion Mahoney, designed Canberra my new home and Australia's capital city.

We also share common values. We are two of the oldest continuous democracies and value the right of self-expression. We believe in basic concepts of fair play in society and in the treatment of the individual. We share a common language, common law, and other political and cultural traditions drawn from England, Ireland and other Northern European countries.

We have extensive people-to-people exchanges. Roughly 90,000 Australians live in America. 4,000 Americans and Australians have undertaken study and research in each other's countries as Fulbright Scholars. In 2005/06, when the numbers of foreign students in the US decreased overall, there was a 5.5% increase in the number of Australian students studying at US universities.

I'd like to briefly discuss three specific challenges we face together: maintaining global security, continuing trade liberalization and addressing climate change.

### Maintaining Global Security

US and Australian troops have fought alongside each other in every major military conflict since World War I. Our close friendship was deepened in the hard won battles of World War II and formalized in the 1951 ANZUS treaty. We are about to celebrate the 65th anniversary of the US coming to Australia's defense in Battle of the Coral Sea. US and Australian forces train and deploy together, and we have a close intelligence-sharing relationship.

Our military relationship has never been stronger. Australia is one of our most important strategic partners, not just in the Pacific, but around the world.

Australia is a key supporter of our efforts to denuclearize the Korean peninsula, counter terrorist threats, and expand democracy throughout the Pacific, East Asia, and beyond.

Our two militaries have worked together toward the goal of greater interoperability by developing and purchasing systems that allow them to communicate and share information more easily. Examples include the C-17 cargo aircraft, the Joint Strike Fighter, the AEGIS destroyer system, and M1A1 tanks.

We cooperate in peacekeeping and disaster relief efforts. Australian and American personnel serve in the peacekeeping mission in the Sinai Peninsula. Both our nations contributed over a billion dollars to assist victims of the Boxing Day tsunami, and we both made substantial contributions to the relief of victims of the South Asian earthquake.

In the South Pacific region, we coordinate our policies in order to stabilize democracy and promote prosperity. We cooperated closely on our responses to the conflict in East Timor, the coup in Fiji, and to civil unrest in the Solomons and Tonga, and we both contributed to the relief efforts following the recent tsunami in the Solomon Islands.

The US and Australia share common concerns on regional terrorism issues. Our intelligence cooperation and coordination is strong, reflecting our shared values, interests, and the high levels of trust and transparency between our governments.

Cooperatively, we have been able to address a range of challenges from transnational crime and counter-narcotics to maritime security. We discuss these and other issues of mutual concern with our Japanese friends in the context of the Trilateral Strategic Dialogue.

### Addressing Climate Change

We are also working together to address the challenge of climate change. While there may be continuing scientific debate on the causes, timing, and consequences of global warming, the existence of global warming is an accepted fact, and all nations are well served to address this issue now in a coordinated and effective manner. This necessarily involves the balancing of potentially conflicting imperatives, particularly in developing countries: economic growth to increase standards of living and measures to protect the environment which may well involve significant cost and expense.

As a Party to the UN Framework Convention on Climate Change, the US shares with other countries its ultimate objective: stabilization of greenhouse gas concentrations in the atmosphere at a level that prevents dangerous human-induced interference with the climate system. The United States is the largest funder of activities under the UN Framework and the Intergovernmental Panel on Climate Change. Since 2001, the President has devoted nearly \$29 billion to climate-related science, technology, international assistance, and incentive programs—more than any other nation. The President has set a target of cutting our greenhouse gas intensity by 18 percent through the year 2012.

In his State of the Union Address, President Bush announced a plan to reduce US gasoline usage by 20 percent in the next ten years. The plan will help address climate change by stopping the projected growth of carbon dioxide emissions from cars, light trucks, and SUVs within 10 years. By 2017, the renewable fuel and fuel efficiency components of the plan could cut annual emissions from cars and light trucks by as much as 10 percent, about 175 million metric tons – equal to zeroing out the annual emissions of 26 million automobiles. The plan could cumulatively prevent the buildup of more than 600 million metric tons of carbon dioxide emissions.

In order to promote clean coal technologies, the US awarded nearly \$1 billion in tax credits last year, and will award \$650 million more this year. This will help offset the cost of nearly \$10 billion of investment to build more than nine highly efficient, advanced coal projects in at least nine states. These plants will use technology that cuts emissions through efficiency and holds the promise of cost-effective carbon capture and storage. This experience will culminate in 2012 with the construction of the \$1 billion FutureGen demonstration power plant, a public-private international partnership to build the world's first coal-fired power plant that produces electricity and hydrogen with nearly zero-emissions. The Administration is also pursuing large-scale tests in the United States designed to advance carbon sequestration technologies which can have the potential to store more than 600 billion metric tons of carbon dioxide, the equivalent of more than 200 years of emissions from energy sources in the United States.

We are working with Australia in a very important initiative in this region known as the Asia-Pacific Partnership on Clean Development and Climate, or AP6. This multilateral partnership is an innovative, integrated effort that is delivering real results in addressing climate change. Launched in early 2006, the AP6 is a voluntary collaboration among six nations: Australia, China, India, Japan, Korea, and the United States. Those countries have come together in this Partnership to pursue the goals of advancing energy security, fostering economic growth, mitigating greenhouse gas emissions, and reducing air pollution. The six Partner nations seek to achieve these goals through the development, deployment, and commercialization of clean energy technologies. The Partnership and its initiatives also seek to assist in alleviating poverty and improving human health.

The AP6 generates results where they matter most: in the countries that are the world's major emitters of greenhouse gases. The six Partnership nations together account for about half of the world's economic output, energy use, and greenhouse gas emissions. That the Partnership involves China and India is especially important. Developing countries' emissions are forecast to surpass emissions of developed countries in a matter of years, not decades. Consequently, the AP6's charter calls for addressing energy security and climate change in a manner complementary to each country's economic development.

Another innovative and particularly important aspect of the AP6 is that it is a public-private partnership, bringing together not just the government and private sector within each country but also among them. That cross-cutting approach advances the Partnership's goals through cooperative design and implementation of tangible, effective projects. Within six months, the AP6's public and private partners launched eight action plans and one hundred projects which have a direct impact on the level of greenhouse gas emissions.

During a recent visit to Washington by Minister for the Environment Malcolm Turnbull, the US welcomed Australia's establishment of a new Global Initiative on Forests and Climate. Under the initiative, Australia will engage key countries and international organizations to support new forest planting, limit destruction of the world's remaining forests, and promote sustainable forest management.

The United States has also made the protection of forests a high priority. Under the Tropical Forest Conservation Act, the United States has forgiven over \$135 million in debt from 11 countries to protect 20 million hectares (50 million acres) of important forests around the world. In addition, as part of the President's Initiative Against Illegal Logging, the US has worked bilaterally with a broad range of countries to promote sustainable forest management and combat illegal logging - most recently in a memorandum of understanding with Indonesia.

An exciting new area for possible collaboration between the US and Australia is water resource management. One area of mutual interest revolves around the similar challenges, both regulatory and environmental, faced by Australia's Murray-Darling River Basin and the United States' Colorado River Basin. The two river systems share geographic similarities and relative importance in semi-arid and drought-prone regions, and our two governments are beginning discussions of new management strategies, such as water banking, market incentives, and developing water shortage criteria. Other areas of possible cooperation include water reclamation and reuse, managing storm water runoff in urban areas, and water efficiency programs.

### Continuing Trade Liberalization

We also face a challenge in maintaining the momentum of trade liberalization.

The United States and Australia share a commitment to an open rules-based international trading system, and work together to further that goal bilaterally and in multilateral organizations, such as the WTO and APEC. We have worked tirelessly and in concert to achieve success in previous rounds of trade negotiations and continue to work hard together to make a success of the current so-called Doha Round of trade negotiations.

The Australia-US Free Trade Agreement has been a great success, both for the United States and Australia. In 2006, Australian exports to the US grew by 9% over 2005. US Quotas for most goods, including hundreds of agricultural products have either been expanded or completely eliminated and further reductions are scheduled.

The US Federal Government procurement market has been opened and is already worth about \$100 million to Australian firms.

The introduction of the E3 Visa has presented an opportunity for 10,500 Aussies and their spouses to work in the US each year.

Since the Free Trade Agreement has come into force, there has been a jump in the proportion of small and medium-sized enterprises selling to the US, more US film producers are choosing to produce in Australia, and the Holden Commodore will soon be sold in the US under the Pontiac name.

The Sydney Morning Herald reported on April 11 that the US has overtaken Britain to become the most lucrative market for Australian wine.

The Free Trade Agreement also established a framework for promoting the mutual recognition of professional qualifications between the United States and Australia. For example, a Mutual Recognition Agreement allows Australian accountants to be licensed in most US States (including California, New York, Illinois and Texas) without undertaking further study.

I recently attended a series of meetings between the Australian Law Council and the Chief Justice of the Supreme Court of the State of Delaware on the mutual recognition of qualifications of lawyers. We hope to have an agreement in place with the State of Delaware later this year.

The US is Australia's second largest trading partner: goods and services trade is valued at over \$40 billion. The US is also Australia's largest foreign investor, with over \$350 billion dollars invested in Australian businesses – over one quarter of Australia's total foreign investment. The US is also the largest destination for Australian foreign investment, representing 43 percent of the total stock of Australian investment abroad. US investment in Australia has created jobs: in 2005, the top 5 US-owned companies in Australia employed over 65,000 people.

### Conclusion

With that, I'd like to open up the floor to your questions on any of the topics I've discussed or on any others that might interest you. I'm here to listen, as well as to talk, and would also welcome your suggestions on how we might do things better.